

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 768 – SB 907

March 21, 2017

SUMMARY OF ORIGINAL BILL: Clarifies that a trustee, deputy trustee, or delinquent tax attorney may deliver written notice of an intended seizure by certified, registered, or first class mail.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005253): Deletes all language after the enacting clause. Authorizes an assessor of property, beginning January 1, 2017, to presume a mobile home that is used as a residence and is attached to real property, pursuant to Tenn. Code Ann. § 67-5-802, is classified as residential for the purpose of property taxation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Revenue - \$278,000/Permissive

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 67-5-802, any movable structure or appurtenance that is attached to real property by virtue of being on a foundation, underpinned, or connected with any utility service is required to be assessed as real property containing a land improvement; however, in cases where movable structures are attached to land occupied and used as a trailer or mobile home park where the owner of the land is renting spaces or lots for maintaining movable structures, the owner of the movable structures is required to pay for the property tax imposed by the improvement and the land owner is granted a lien against the structure to secure payment of municipal and county property taxes.
- Pursuant to Tenn. Code Ann. § 67-5-501(4), all real property that is used, or held for use, for dwelling purposes that contains two or more residential units is classified as industrial and commercial property.

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- Pursuant to Article 2, Section 28 of the Tennessee Constitution, residential property is assessed at 25 percent of its value and commercial real property is assessed at 40 percent of its value.
- This legislation would authorize property assessors to classify all mobile homes attached to real property as residential. Any action taken by a property assessor to reclassify rented mobile home properties is permissive.
- Based on information provided by the Comptroller of the Treasury, the permissive total statewide recurring decrease in local property tax revenue resulting from the reclassification of land sub-classified as commercial to residential is estimated to be \$278,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by a small, stylized monogram or initials.

Krista M. Lee, Executive Director

/amj